



NEW YORK CITY REPORT ON BUSINESS

It's Over... The Recession, That Is

New York City business activity surged in September to the highest level since November 2006, according to the survey taken by the Institute for Supply Management-New York (ISM-NY, formerly NAPM-NY). The Current Business Conditions index rose to 72.9 in September from a revised 55.7 in August. These were the first back-to-back months above the breakeven 50 mark since the US recession began in December 2007.

Future optimism continued to build on recent gains, reaching the highest level since January 2007. The Six-Month Outlook index increased to 69.5 in September from a revised 65.1 in August.

Weakness in purchasing volume was not as widespread as in past months. The Quantity of Purchases index came in at 46.1 in September from a revised 50.0 in August.

Firms cut headcount at a much reduced pace relative to earlier in the year. The Employment index rose to a 21-month high of 47.3 in September from a revised 39.3 in August.

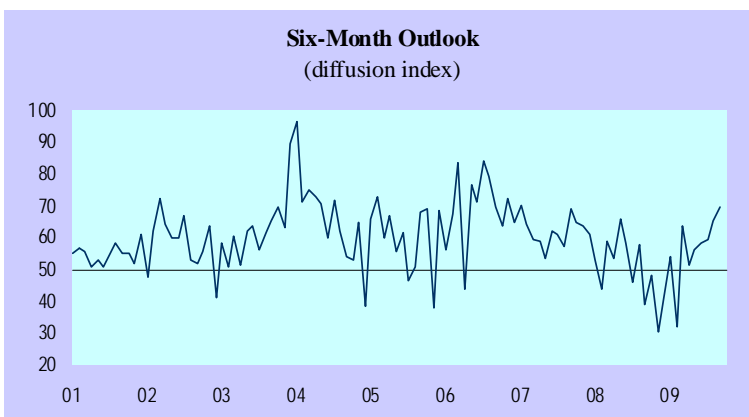
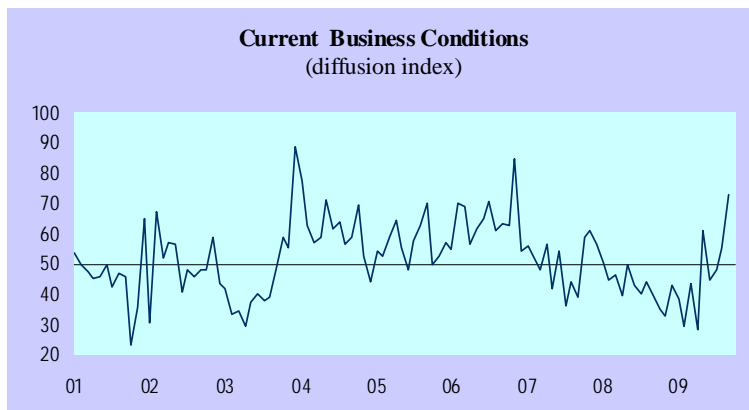
Prices for inputs fell at a less rapid clip. The Prices Paid index moved up to a nine-month high of 41.9 in September from a revised 35.7 in August.

Business Impediments: Working capital shortages remained elevated. The sharp rise in security concerns coincided with the recent FBI anti-terrorism measures and the meeting of the U.N. General Assembly.

	Sep	Aug (r)	Jul
Skilled labor shortage	3%	11%	11%
Unskilled labor shortage	3%	0%	5%
Working capital shortage	32%	39%	36%
Raw material shortage	5%	0%	2%
Security concerns	21%	4%	9%
Abnormal weather	3%	0%	0%
"Other" difficulties	21%	32%	20%
No difficulties	16%	29%	23%
	*	*	*

September's Question of the Month: Signs of economic recovery are emerging, but the outlook for top-line demand is not yet clear. When do you think your firms' revenues will start to grow on a sustained basis? The majority of responses were concentrated between six and twelve months.

0-3 months	8%
3-6 months	17%
6-9 months	28%
9-12 months	28%
More than 12 months	19%



Business Conditions in New York City
(seasonally adjusted)

	Current Business Conditions	Six-Month Outlook	NY-BCI*
September 2008	40.0	38.8	405.3
October	35.3	48.3	398.0
November	32.7	30.2	389.3
December	43.1	40.7	385.9
January 2009	38.4	54.2	380.1
February	29.6	31.8	369.9
March	43.9	63.8	366.9
April	28.3	51.2	356.0
May	61.3	56.1	361.6
June	44.8	58.3	359.0
July	48.3	59.3	358.2
August (r)	55.7	65.1	361.0
September	72.9	69.5	372.5

*The NY-BCI is a cumulative diffusion index constructed from the diffusion index of Current Business Conditions for non-manufacturing businesses in the New York City area. (r) revised.

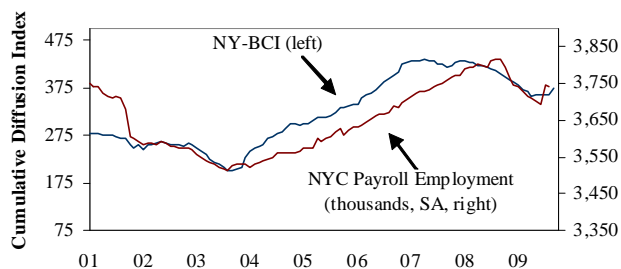
New York City Labor Market

Employment

Current employment trends compared to the previous month.

	Sep	Aug (r)	Jul	Jun	May	Year ago Sep
Diffusion Index	47.3	39.3	37.5	28.2	33.7	28.4

NY-BCI vs. NYC Employment



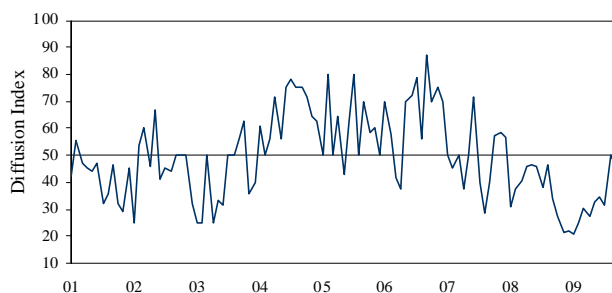
NYC employment data from the Bureau of Labor Statistics. SA = seasonally adjusted. The NY-BCI offers advance information about forthcoming labor market conditions because the local job count is not available for one or two months.

Quantity of Purchases

The current month's level of expenditures (units, not dollars) compared to the previous month.

	Sep	Aug (r)	Jul	Jun	May	Year ago Sep
Diffusion Index	46.1	50.0	31.8	34.6	32.6	33.8

Quantity of Purchases

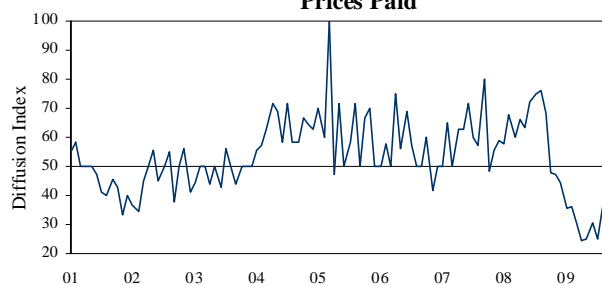


Prices Paid

The current month's overall change in prices paid for goods and services compared to the previous month.

	Sep	Aug (r)	Jul	Jun	May	Year ago Sep
Diffusion Index	41.9	35.7	25.0	30.8	25.0	68.1

Prices Paid

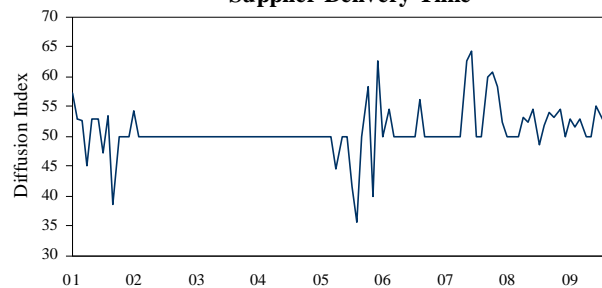


Supplier Delivery Time

The current month's overall delivery performance compared to the previous month.

	Sep	Aug (r)	Jul	Jun	May	Year ago Sep
Diffusion Index	52.8	51.8	53.4	55.1	50.0	54.1

Supplier Delivery Time



About the Survey

The purpose of the survey is to quickly assess business conditions among non-manufacturing firms/organizations in the New York City area. The survey results are compiled as diffusion indices - the percent of positive responses plus one-half of those responding the same (considered positive). A reading of 50% means no change from the prior month, greater than 50% indicates a faster pace of activity, and less than 50% a slower rate. The Current Business Conditions index, Six-Month Outlook index and NY-BCI are seasonally adjusted. All other measures are not seasonally adjusted. (r) revised.